

# We're ready for talks with Iran

## Bahrain helps shape policy in the region

BAHRAIN is helping to shape US policy in the region, with ever-strengthening ties between the two countries, said the US Ambassador.

"The US recognises that Bahrain is an important player in the region and the Arab world and we value Bahrain's advice," he said.

"And as we look at policy and action in the region we count on Bahrain's advice to help us think through issues."

On the economic relationship, Mr Erel said the benefits of the US-Bahrain Free Trade Agreement (FTA), which came into effect in August 2006, were already being realised.

He pointed out that trade between the US and Bahrain was up by 75 per cent at the end of last year, compared to 2005 year-end figures.

Trade at the end of 2005 was \$782 million (BD295.5m) and increased to \$1.37 billion (BD517m) at the end of last year.

Mr Erel said the increase in trade had shown that Bahrain was an important country for investment.

Various companies such as Kraft Foods and West Point Homes now have a presence in Bahrain and others, such as Occidental Petroleum, are investing in the country.

However, the ambassador said there were many more trade opportunities that needed to be explored as a result of the FTA.

"One of my goals is to bring some gold key investors. What that means is a major company or firm that comes and sets up operations in Bahrain and sets up Bahrain as a regional headquarters," said Mr Erel.

"One reason is it tells the world and particularly US investors that Bahrain is a good place to do business. You get a couple of high profile firms opening up here and you get more."

### Exports

Mr Erel admitted that the increase in trade between the two countries was mainly from US exports to Bahrain.

He explained this was because US businesses were more able to take advantage of the FTA than Bahraini businesses and he was aware of the need to educate Bahraini businesses on the FTA.

"We recognise there is a need and we are working on this," said the ambassador, who is halfway through his four-year posting to Bahrain.

"In the next two years we hope to see an increase of 20pc per year, spread more evenly (exports and imports)."

Mr Erel said Bahrain and the US had enjoyed a close security relationship for 60 years and hoped it would continue the same way for the next 60 years.

He congratulated the Royal Bahrain Navy for setting up a multi-lateral naval taskforce to crackdown on smuggling and terrorism operations and encouraged them to continue their good work for the safety of all interests.

Mr Erel announced that the first US aircraft carrier to dock in Bahrain would be arriving at the Shaikh Khalifa Port next week. It had not been possible before, because Bahrain did not have the facilities.

By REBECCA TORR

the US is not at war with Islam and, to the contrary, the US believes that we have a shared interest."

Mr Erel said the US and Islamic world should have a relationship based on mutual respect and mutual interests.

The US has a multi-cultural society that includes 20 million Muslims. It benefits from Islamic culture and has no problems with the rest of the Islamic world, said Mr Erel.

"President Obama has made a concerted effort to reach out and build bridges to that Islamic world," he said.

"He sent a personal message to the people of Iran to say we want dialogue on all the issues."



■ Mr Erel ... new policy

"With regards to our diplomacy under President Bush we weren't talking to countries like

Iran or Syria, we weren't talking to countries that we believed were taking action that was harmful to the US and to friends of the US.

"Our approach was to isolate them but quite frankly the new President believes that approach did not work, with respect to Iran for example."

"President Obama is saying let's engage with Iran on all issues in order to see if we can help them become a responsible member of the international community."

Mr Erel said the world should now expect to see a much more activist policy with regards to the Arab-Israeli dispute.

He said an indication of this was appointing US Special Envoy to the Middle East George Mitchell, who was putting together a peace plan for Israel and all its neighbours.

"In all of these as we move forward on these initiatives

we recognise we need advice of friends and advice of those in the region who are effective by these initiatives and we will continue to consult closely, as partners, with all those who are affected by these actions," said Mr Erel.

"As we move forward with Iran it will be very much in concert with the countries of the Gulf."

On Iraq, Mr Erel said having spent the last 11 months living between Baghdad and Bahrain he found the country to have enormous potential with regards to developing its infrastructure and economy.

He said some believed that with increased oil exploration the country might have greater oil resources than Saudi Arabia.

"Yet, you look at Iraq now and you see a real lack of development."

"I think a couple of things happened," said Mr Erel.

"I think peoples' understanding of how developed Iraq was, was a little bit inaccurate."

"In the 1960s and 70s Iraq produced the most sophisticated graduates of any country in the Arab world. That pretty much stopped in the 1970s."

Mr Erel said many professors had approached him asking the US to help rebuild the country to what it was before the Iran and Iraq war.

"We took over Iraq in 2003 and everyone was saying, where is the power, the Americans destroyed the power."

"Iraq wasn't producing enough power for Iraqis because Iraq didn't invest in the infrastructure," said Mr Erel.

"Iraq needs to produce far more oil to produce more money."

"They need to invest maybe \$50 million (BD18.9m) in the economic infrastructure of the country," he said.

"The Iraq government is focusing on increasing exploration but it doesn't happen overnight."

He said Iraq needed foreign investment but at the same time it was very suspicious of it.

"Foreign companies aren't going to invest out of charity but they will do it if there is an economic interest," said the ambassador.

"Iraq must make itself an economically viable investment destination, which means companies need transparent investment."

"If you want Americans to do business here then corruption is your worst enemy."

"The needs are great, the opportunities are great, but the challenges are also great."

Mr Erel said US military personnel adult dependents had returned to Bahrain in December and negotiations were underway to bring back child dependents.

On another note, he said the US Naval Support Activity was looking at renting some new properties in Juffair to build new facilities and was in the process of negotiations.

"But whatever we build will be designed to help the community," he said adding that the US Navy contributed \$300 million (BD113.4m) to \$400m (BD151.2m) a year to the Bahrain economy."

becky@gdn.com.bh

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Under the Patronage of  
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13 May - 3 June 2009, Seef Mall, Kingdom of Bahrain

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